

SSI SUPER STORE INDUSTRIES

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A.G. Kawamura, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Dear Secretary Kawamura:

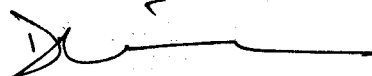
There appears to be a drive from the Producer side of the California Dairy industry to raise the price of Class 1 milk and possibly Class 2 and 3 also. We urge the Department to not consider a hearing to evaluate such increases at this time for the following reasons:

1. Class 1 prices are already at very high levels, even with the decrease that is effective on August 1st putting the northern California Class 1 price at \$19.79 per cwt, the average prices are much higher than they have been over the last ten years.
2. The Class 1 percentage of total milk usage has consistently been decreasing over the last several years. Increases in Class 1 prices will further cause consumers to seek non-dairy alternatives.
3. Any increases in milk prices because of higher farm costs need to be borne by all classes of milk, not just Class 1.
4. There is pressure to reduce the Class 1 price in Nevada. If this happens, California producers and processors will be at a competitive disadvantage. There is already a significant amount of raw and packaged milk coming into California from Nevada. Any increase in California prices will exacerbate that issue and further erode Class 1 milk purchased from California producers.

Please consider these important factors and not grant a petition for a hearing to increase Class 1 prices at this time.

Sincerely,

SUPER STORE INDUSTRIES
Fairfield Dairy Division



Dennis Brimhall
Controller

cc. Kelly Krug, David Ikari